

AUDIT COMMITTEE CHARTER

Organization

There shall be a committee of the Board of Directors (the “Board”) of CEC Entertainment, Inc. (the “Company”) to be known as the Audit Committee. The Audit Committee shall be composed of Directors who are independent of the management of the Company and are free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as a committee member.

Statement of Policy

The Audit Committee shall provide assistance to the directors in fulfilling their responsibility to the stockholders, potential stockholders, and investment community relating to corporate accounting, reporting practices of the Company, and the quality and integrity of the financial reports of the Company. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication between the directors, the independent auditors, the internal auditors and the financial management of the Company.

Composition

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent of management of the Company. Members of the committee shall be considered independent as long as they do not accept any consulting, advisory, or other compensatory fee from the Company (other than for service as a director) and are not an affiliated person of the Company or its subsidiary, they have no material relationship with the Company (other than service as a director) as determined by the Board and they meet the independence requirements of the New York Stock Exchange or any other exchange or market within the United States on which the Company’s capital stock is traded or listed. All committee members shall be financially literate and at least one member shall be an audit committee financial expert, as defined by SEC regulations and determined by the Board.

Meetings

The Audit Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communications, the Audit Committee should meet periodically with management, the director of the internal auditing department and the independent auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

Responsibilities

In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible in order to best react to changing conditions and to ensure to the directors and stockholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality. The Audit Committee will rely on the Company's staff and its independent auditor for assistance in performing its duties and responsibilities. The committee will have direct access to financial, legal, and other staff and advisors of the Company and will have the authority to engage accountants, independent counsel and other advisors as it determines necessary to carry out its duties. However, the independent auditor may not be engaged to perform non-audit services proscribed by law or regulation. In carrying out these responsibilities, the Audit Committee will:

- Assume responsibility for the selection of the independent auditors, considering their independence and effectiveness and approve the fees and other compensation to be paid to the independent auditors. On an annual basis, the Audit Committee should review and discuss with the auditors all significant relationships the auditors have with the Company to determine the auditors' independence. Also, the Audit Committee should obtain formal written affirmation of independence from the independent auditors.
- Meet with the independent auditors and financial management of the Company to review the scope of the proposed audit for the current year and at the conclusion thereof review such audit, including any comments or recommendations of the independent auditors.
- Review with the independent auditors, the Company's internal auditors and financial and accounting personnel the quality of accounting principles as well as the adequacy and effectiveness of the accounting and financial controls of the Company, and elicit any recommendations for the improvement of such accounting principles, internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
- Obtain and review, at least annually, a report by the independent auditors describing its internal quality-control procedures, any material issues raised by the most recent internal quality-control review or peer review of the independent auditors or by any governmental inquiry or investigation within the preceding five years and any steps taken by the independent auditors to address any such issues.
- Review and update this Charter periodically, and at least annually, as conditions dictate.
- Review the Company's annual audited financial statements and recommend that such statements be filed in the Form 10-K with the SEC and New York Stock Exchange.

- Review with financial management the quarterly Form 10-Q prior to its filing and review earnings press releases and earnings guidance prior to their release to the public, analysts and other third parties. The Chairperson of the Audit Committee may represent the entire Audit Committee for purposes of these reviews. In instances when the Chairperson of the Audit Committee is not available then another independent member of the Board, as designated by the Chairperson of the Audit Committee, may conduct the reviews.
- Review the regular internal reports to management prepared by the internal auditing department.
- Submit the minutes of all meetings of the Audit Committee to, or discuss the matters discussed at each Audit Committee meeting with, the Board.
- Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate.
- Review with financial management the Company's policies on risk assessment and risk management.
- Establish hiring policies for employees and former employees of the Company's independent auditors.
- At least annually conduct a self-evaluation to assess the effectiveness of the Audit Committee.
- Report regularly to the Board.
- Prepare a report as required by the rules of the Securities and Exchange Commission for inclusion in the Company's annual proxy statement.

Committee Resources

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain consultants, outside counsel and other advisors. The Committee shall have sole authority to approve the fees and other retention terms with respect to such advisors. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any advisors engaged or employed by the Committee.